



como friends
THRIVE ON

COMO FRIENDS
(A MINNESOTA NOT-FOR-PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Como Friends
Saint Paul, Minnesota 55103

We have audited the accompanying financial statements of Como Friends, a Minnesota non-profit corporation, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Como Friends as of December 31, 2022 and 2021, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Como Friends and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Como Friends' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Como Friends' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Como Friends' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Boyum & Barescheer PLLP

Boyum & Barescheer PLLP
Saint Paul, Minnesota
June 8, 2023

COMO FRIENDS

STATEMENTS OF FINANCIAL POSITION
(See Independent Auditor's Report)

DECEMBER 31,	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,612,393	\$ 3,963,176
Certificates of deposit short-term	1,225,295	-
Bequests receivable	14,000	14,000
Contributions receivable, current	27,278	300,400
Inventory	361,610	233,000
Prepaid expenses and other	35,239	50,522
Total current assets	3,275,815	4,561,098
OTHER		
Certificates of deposit long-term	2,145,162	-
Contributions receivable, net of current portion	50,565	247,843
Property and equipment, net	175,593	101,634
Beneficial interests in assets held by others	10,200,250	11,020,416
Total other assets	12,571,570	11,369,893
Total assets	\$ 15,847,385	\$ 15,930,991
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 192,091	\$ 190,271
Accrued expenses and other liabilities	88,162	74,021
Total current liabilities	280,253	264,292
NET ASSETS		
Net assets without donor restrictions:		
Board reserve and project funds	1,864,300	1,631,719
Board designated endowment	142,631	164,382
Undesignated	3,098,211	1,824,140
Total net assets without donor restrictions	5,105,142	3,620,241
Net assets with donor restrictions:		
Perpetual in nature	7,937,160	7,317,780
Purpose restrictions	2,050,914	4,061,112
Time-restricted for future periods	473,916	667,566
Total net assets with donor restrictions	10,461,990	12,046,458
Total net assets	15,567,132	15,666,699
Total liabilities and net assets	\$ 15,847,385	\$ 15,930,991

The Notes to Financial Statements are an integral part of these statements.

COMO FRIENDS

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
(See Independent Auditor's Report)

YEARS ENDED DECEMBER 31,	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
	REVENUE					
Contributions	\$ 1,912,347	\$ 860,103	\$ 2,772,450	\$ 1,650,926	\$ 331,874	\$ 1,982,800
In-kind contributions	133,291	67,843	201,134	140,843	-	140,843
Gift shop sales	2,484,326	-	2,484,326	2,051,484	-	2,051,484
Cost of goods sold	950,661	-	950,661	878,625	-	878,625
Gift shop sales, net	1,533,665	-	1,533,665	1,172,859	-	1,172,859
Special events	296,130	-	296,130	327,249	-	327,249
Less cost of direct benefit to donors	(39,440)	-	(39,440)	(33,131)	-	(33,131)
Special events, net	256,690	-	256,690	294,118	-	294,118
Membership	302,484	-	302,484	382,678	-	382,678
Increase (decrease) in beneficial interest in assets held by others	(15,442)	(1,023,887)	(1,039,329)	27,782	1,775,820	1,803,602
Investment return, net	(11,543)	-	(11,543)	-	-	-
Other income	107,611	-	107,611	93,477	-	93,477
Net assets released from restrictions and transfers	1,488,527	(1,488,527)	-	955,954	(955,954)	-
Total revenue	5,707,630	(1,584,468)	4,123,162	4,718,637	1,151,740	5,870,377
EXPENSES						
Programs:						
Zoo and conservatory programs	2,006,908	-	2,006,908	1,568,524	-	1,568,524
Gift shops	666,042	-	666,042	558,545	-	558,545
Total programs	2,672,950	-	2,672,950	2,127,069	-	2,127,069
Support services:						
Management and general	805,361	-	805,361	716,441	-	716,441
Fund development	737,920	-	737,920	767,975	-	767,975
Capital campaign	6,498	-	6,498	43,076	-	43,076
Total support services	1,549,779	-	1,549,779	1,527,492	-	1,527,492
Total expenses	4,222,729	-	4,222,729	3,654,561	-	3,654,561
Increase (decrease) in net assets	1,484,901	(1,584,468)	(99,567)	1,064,076	1,151,740	2,215,816
Net assets, beginning of year	3,620,241	12,046,458	15,666,699	2,556,165	10,894,718	13,450,883
Net assets, end of year	\$ 5,105,142	\$ 10,461,990	\$ 15,567,132	\$ 3,620,241	\$ 12,046,458	\$ 15,666,699

The Notes to Financial Statements are an integral part of these statements.

COMO FRIENDS

STATEMENTS OF CASH FLOWS
(See Independent Auditor's Report)

YEARS ENDED DECEMBER 31,	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions, net of amounts restricted for long-term purposes	\$ 3,310,693	\$ 2,359,472
Receipts from special events	296,130	327,249
Membership receipts	302,484	382,678
Gift shop sales receipts	2,484,326	2,051,484
Other cash receipts	152,942	93,537
Grants paid	(1,887,265)	(1,464,893)
Payments for salaries, staff, and payroll taxes	(1,634,932)	(1,509,080)
Payments to vendors	(1,635,976)	(1,197,274)
<i>Cash provided by operating activities</i>	1,388,402	1,043,173
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(99,047)	(9,295)
Purchase of certificates of deposit	(4,238,976)	-
Proceeds from redemption of certificates of deposits	818,000	-
<i>Cash (used in) investing activities</i>	(3,520,023)	(9,295)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for endowment	(219,380)	(83,686)
Transfer to beneficial interests in assets held by others	(400,000)	(206,781)
Distributions from beneficial interest in assets held by others	400,218	381,958
<i>Cash provided by (used in) financing activities</i>	(219,162)	91,491
<i>Net change in cash</i>	(2,350,783)	1,125,369
Cash, beginning of year	3,963,176	2,837,807
<i>Cash, end of year</i>	\$ 1,612,393	\$ 3,963,176

The Notes to Financial Statements are an integral part of these statements.

COMO FRIENDS

STATEMENTS OF FUNCTIONAL EXPENSES
(See Independent Auditor's Report)

For the Year Ended December 31, 2022 (with comparative totals for 2021)

	2022							2021	
	Program Services			Supporting Services				Totals	Totals
	Zoo and Conservatory Programs	Gift Shops	Total Program Services	Management and General	Fund Development		Total Supporting Services		
				Special Events and Other	Capital Campaign				
Salaries	\$ 28,764	\$ 491,336	\$ 520,100	\$ 451,566	\$ 377,642	\$ -	\$ 829,208	\$ 1,349,308	\$ 1,237,734
Payroll taxes and benefits	5,263	104,885	110,148	125,815	68,161	-	193,976	304,124	266,358
Total personnel costs	34,027	596,221	630,248	577,381	445,803		1,023,184	1,653,432	1,504,091
Cost of goods sold	-	950,661	950,661	-	-	-	-	950,661	878,625
Printing, design and postage	22,177	741	22,918	16,227	108,952	6,498	131,677	154,595	103,536
Event and program costs	-	1,096	1,096	11,795	139,830	-	151,625	152,721	182,483
Rent and utilities	-	30,000	30,000	25,441	54,417	-	79,858	109,858	78,666
Professional fees and consultants	63,189	3,100	66,289	24,081	-	-	24,081	90,370	150,837
Outside services and contract labor	-	256	256	60,718	19,835	-	80,553	80,809	76,324
Other expenses	250	12,072	12,322	39,485	3,915	-	43,400	55,722	18,366
Repair, maintenance and technology	-	3,480	3,480	29,284	-	-	29,284	32,764	38,409
Supplies	-	4,848	4,848	13,357	4,608	-	17,965	22,813	53,630
Depreciation	-	14,228	14,228	7,592	-	-	7,592	21,820	16,457
Zoo and conservatory programs and improvements grants	1,251,921	-	1,251,921	-	-	-	-	1,251,921	1,224,893
Capital project and support grants	635,344	-	635,344	-	-	-	-	635,344	240,000
Total expenses	\$ 2,006,908	\$ 1,616,703	\$ 3,623,611	\$ 805,361	\$ 777,360	\$ 6,498	\$ 1,589,219	\$ 5,212,830	\$ 4,566,317
Cost of goods sold	-	(950,661)	(950,661)	-	-	-	-	(950,661)	(878,625)
Event costs of direct benefit to donors	-	-	-	-	(39,440)	-	(39,440)	(39,440)	(33,131)
Total expenses per Statements of Activities and Changes in Net Assets	\$ 2,006,908	\$ 666,042	\$ 2,672,950	\$ 805,361	\$ 737,920	\$ 6,498	\$ 1,549,779	\$ 4,222,729	\$ 3,654,561

The Notes to Financial Statements are an integral part of these statements.

COMO FRIENDS

STATEMENTS OF FUNCTIONAL EXPENSES
(See Independent Auditor's Report)

For the Year Ended December 31, 2021

	2021							
	Program Services				Supporting Services			
	Zoo and Conservatory Programs	Gift Shops	Total Program Services	Management and General	Fund Development		Total Supporting Services	Totals
					Special Events and Other	Capital Campaign		
Salaries	\$ 30,702	\$ 402,479	\$ 433,181	\$ 405,503	\$ 378,813	\$ 20,236	\$ 804,552	\$ 1,237,734
Payroll taxes and benefits	4,489	83,631	88,120	110,628	64,044	3,566	178,237	266,358
Total personnel costs	35,191	486,110	521,301	516,131	442,857	23,802	982,790	1,504,091
Cost of goods sold	-	878,625	878,625	-	-	-	-	878,625
Event and program costs	-	338	338	2,493	179,652	-	182,145	182,483
Printing, design and postage	15,746	1,169	16,915	30,705	83,944	19,274	133,922	150,837
Rent and utilities	-	30,000	30,000	23,431	50,105	-	73,536	103,536
Professional fees and consultants	51,000	4,000	55,000	23,666	-	-	23,666	78,666
Outside services and contract labor	-	472	472	55,765	20,087	-	75,852	76,324
Other expenses	-	9,709	9,709	22,526	21,395	-	43,921	53,630
Repair, maintenance and technology	-	6,461	6,461	31,948	-	-	31,948	38,409
Supplies	1,694	6,104	7,798	7,501	3,066	-	10,568	18,366
Depreciation	-	14,182	14,182	2,275	-	-	2,275	16,457
Zoo and conservatory programs and improvements grants	1,224,893	-	1,224,893	-	-	-	-	1,224,893
Capital project and support grants	240,000	-	240,000	-	-	-	-	240,000
Total expenses	\$ 1,568,524	\$ 1,437,170	\$ 3,005,694	\$ 716,441	\$ 801,106	\$ 43,076	\$ 1,560,623	\$ 4,566,317
Cost of goods sold	-	(878,625)	(878,625)	-	-	-	-	(878,625)
Event costs of direct benefit to donors	-	-	-	-	(33,131)	-	(33,131)	(33,131)
Total expenses per Statements of Activities and Changes in Net Assets	\$ 1,568,524	\$ 558,545	\$ 2,127,069	\$ 716,441	\$ 767,975	\$ 43,076	\$ 1,527,492	\$ 3,654,561

The Notes to Financial Statements are an integral part of these statements.

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS *(See Independent Auditor's Report)*

NOTE 1. ORGANIZATION

Como Friends (the Organization) is a Minnesota non-profit corporation. We inspire community generosity in support of Como Park Zoo & Conservatory so it thrives for generations to come. The Organization's proceeds come primarily from contributions, gift shop sales, and fundraising events. As Como Park Zoo and Conservatory are owned and operated by the City of St. Paul (City), the Organization works collaboratively with the City under a Memorandum of Understanding.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its ASC 958. Under ASC 958, *Financial Statements of Not-for-Profit Organizations*, the Organization is required to report information regarding financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, based upon the existence or absence of time, purpose or perpetual restrictions.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash

For purposes of the statement of cash flows, the Organization considers short-term, highly liquid investments and investments purchased with a maturity of three months or less to be cash equivalents.

The Organization maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits. Amounts that exceed FDIC insurance are subject to credit risk.

Certificates of deposit

Certificates of deposit are classified as available-for-sale and are recorded based on their carrying value, which approximates fair value.

Board reserve and project funds

Board Funds includes cash and bequests receivable. The Board Funds have been established to provide a resource for operating expenses in case of unexpected downturns or crisis situations and to fund programs and capital projects as directed by the Board of Directors. Bequests, absent restrictions, are classified within board funds per the policy of the Organization.

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS (See Independent Auditor's Report)

NOTE 2. (CONTINUED)

Contributions receivable

Unconditional promises to give to the Organization that are expected to be collected within one year are reported at net realizable value. Unconditional promises to give that are expected to be collected beyond one year are recorded at the present value of estimated future cash flows using a discount rate which approximates the yield on the 10-year U.S. Treasury Note. In years subsequent to the initial present value calculations, amortization of the discounts is recorded as contribution revenue. No allowance for uncollectible amounts is provided since all amounts are deemed collectible.

Inventory

Inventory consists of items held for sale in the Organization's gift shop and is valued at lower of cost or net realizable value, using the first-in, first-out (FIFO) method.

Property and equipment

Leasehold improvements, furniture, fixtures, and equipment additions with a cost or value over \$500 are reported at cost if purchased or at estimated fair value if acquired by donation. Depreciation is computed using the straight-line method over estimated useful lives of three to seventeen years.

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases*, which amends the existing accounting standards for lease accounting, including changes to accounting for leases for Lessors. The new lease standard is effective for the Organization's year beginning January 1, 2022. The FASB requires that all leases be classified as either operating or financing type lease and that a right of use asset and lease liability be recorded on the Statement of Financial Position. The Organization adopted this standard effective January 1, 2022. The lease standard was adopted using a modified retrospective approach. There was no cumulative effect on the financial statements upon implementation.

Beneficial interests in assets held by others

The Organization established as endowments four separate charitable funds which are held by the Saint Paul and Minnesota Foundation (the Foundation) under terms of separate fund agreements (Note 9). The charitable funds were funded by certain contributions to the Organization. The estimated fair values of the funds have been recognized by the Organization as Beneficial Interests in Assets Held by Others. The amount of the principal originally contributed to a fund is classified based on the existence and nature of any donor restrictions.

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS (See Independent Auditor's Report)

NOTE 2. (CONTINUED)

Annual adjustments to the fair values of the amounts reported as assets are recognized as increases or decreases in the Beneficial Interests in Assets Held by Others and are classified based on the existence and nature of any donor restrictions.

Revenue from exchange transactions

Gift shop sales

Gift shop sales are recognized at the time of sale and presented on the statements of activities as gross sales less the cost of the items sold.

Special events revenue

Special events revenue consists of both exchange and contribution revenues. Exchange revenue is comprised of ticket sales, sponsorships, auction revenue and contest revenue. Each of these types of revenue is recognized at the time of the event as the related benefits are transferred to the customer.

Revenue from contributions

Contributions, including unconditional promises to give, are recognized as revenue without donor restrictions or with donor restrictions, based on the existence and nature of any donor restrictions.

Donor-restricted contributions are reported as net assets with donor restrictions. When a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as Net Assets Released from Restrictions.

Contribution revenue and investment income that is donor-restricted as to purpose or timing of use is recognized as unrestricted revenue if the specified restriction is met in the same period as the revenue is reported.

Contributed services, materials, and facilities are recorded as in-kind contributions at their estimated fair values. Contributed services are recorded only if the services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Memberships

Membership revenue has components of both exchange and contribution revenue recognition. Certain membership levels are entitled to benefits along with their membership from discounted purchases in the gift shop and to certain events to points redeemable at the amusement park. The amount of benefit assigned to memberships are considered de minimis and therefore the cost of the membership is treated as a contribution.

The Organization holds events during the year in order to raise funds. Revenue from sponsorships and ticket sales related to a fundraising event is recognized when the event takes place. Contributions received and promises to give as a result of the event follow the revenue recognition for contribution revenue noted above.

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS
(See Independent Auditor's Report)

NOTE 2. (CONTINUED)

Income taxes

Como Friends is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is a publicly-supported organization and contributions to it qualify as a charitable tax deduction for the contributors as permitted by law. The Organization generates unrelated business income from a portion of its gift shop sales. Income taxes resulting from unrelated business income were \$-0- in 2021 and 2020.

The Organization's Return of Organization Exempt from Income Tax has not been recently audited; and accordingly, the information tax returns for the past three years are open to examination. Management has evaluated its tax positions and has concluded that they do not result in anything that would require either recording or disclosure in the financial statements based on the criteria set forth in ASC 740.

Functional expenses

Expenses are classified on a direct allocation basis, except for certain expenses allocated among the program services and supporting services categories based upon the estimated time expended by staff in those categories. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits which are allocated on the basis of time spent and postage which is allocated on the basis of usage.

Subsequent events

Management has evaluated the effects of subsequent events through June 8, 2023, the date that the financial statements were available to be released.

NOTE 3. AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at:

DECEMBER 31,	2022	2021
Cash	\$ 1,612,393	\$ 3,963,176
Certificates of deposit maturing within one year	1,225,295	-
Bequests receivable	14,000	14,000
Less: amounts committed to zoo and conservatory projects within one year	(345,962)	(145,956)
Contributions receivable, current	10,000	-
Prepaid expenses and other	35,239	50,522
Less: prepaid expenses	(33,287)	(45,482)
Expected distributions from beneficial interests in assets held by others	83,116	75,862
<i>Total</i>	\$ 2,600,794	\$ 3,912,122

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS
(See Independent Auditor's Report)

NOTE 3. (CONTINUED)

The Organization's goal is to maintain financial assets to meet 120 days of operating expense (approximately \$800,000). As part of its liquidity plan, available cash is placed in tiered certificates of deposit. Board Project Funds (Note 7) totaling \$345,962 have been designated by the Board for use in 2023, primarily for projects at Como Park Zoo and Conservatory. The Board can un-designate funds to be used for general expenditures as necessary.

NOTE 4. CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of unconditional promises to give for the following purposes at:

DECEMBER 31,	2022	2021
Marjorie McNeely Conservatory support	\$ -	\$ 400,000
Como Harbor Project	-	150,484
General operating	10,000	-
In-kind- facility rent	69,976	-
Less: unamortized discount	(2,133)	(2,241)
<i>Totals</i>	77,843	548,243
Less: current portion	(27,278)	(300,400)
<i>Contributions receivable, net of current portion</i>	\$ 50,565	\$ 247,843

Promises to give were scheduled to be received as follows at:

DECEMBER 31,	2022	2021
In less than one year	\$ 27,278	\$ 300,400
In one to five years	50,565	247,843
<i>Total</i>	\$ 77,843	\$ 548,243

No discount was computed on the multi-year promise to give \$200,000 per year for conservatory support as the donor had agreed to increase each year's gift by an amount equal to the gift multiplied by the cumulative change in the Consumer Price Index (CPI) (Note 8).

The Organization has received indications to give from individuals that have named the Organization as a beneficiary. These gifts have not been recognized as assets or contribution revenue as they are considered conditional promises to give.

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS
(See Independent Auditor's Report)

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment is stated at cost and consisted of the following at:

DECEMBER 31,	2022	2021
Equipment	\$ 158,272	\$ 62,494
Furniture and fixtures	25,824	25,824
Leasehold improvements	124,177	124,177
<i>Totals</i>	308,273	212,495
Accumulated depreciation	(132,680)	(110,861)
<i>Property and equipment, net</i>	\$ 175,593	\$ 101,634

NOTE 6. FAIR VALUE OF FINANCIAL INSTRUMENTS

Certain financial instruments are required to be measured annually at fair value. Accounting standards provide for a three-tier fair value hierarchy determined by the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets for identical assets

Level 2: Observable inputs such as quoted prices in active markets for similar assets or other significant observable inputs

Level 3: Inputs to the valuation methodology that are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

Certificates of deposit (CDs): Valued at their carrying value, which approximates fair value.

Beneficial interests in assets held by others: Valued accordance with Level 3 inputs and are based upon the estimates provided by the Foundation in the absence of readily determinable values. Such values may differ from the values that would have been used had a ready market existed for these interests, and the differences could be significant.

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS
(See Independent Auditor's Report)

NOTE 6. (CONTINUED)

The fair values of beneficial interests in assets held by the Foundation for the benefit of the Organization consisted of the following at:

DECEMBER 31, 2022	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 3,370,457	\$ -	\$ 3,370,457
Beneficial interest in assets held by others	-	-	10,200,250	10,200,250
<i>Total investments at fair value</i>	\$ -	\$ 3,370,457	\$ 10,200,250	\$ 13,570,707

DECEMBER 31, 2021	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by others	\$ -	\$ -	\$ 11,020,416	\$ 11,020,416
<i>Total investments at fair value</i>	\$ -	\$ -	\$ 11,020,416	\$ 11,020,416

Changes in the fair values of the Organization's Level 3 assets consisted of the following:

YEARS ENDED DECEMBER 31,	2022	2021
BALANCE, beginning of year	\$ 11,020,416	\$ 9,315,085
Investment gain (loss)	(1,039,328)	1,803,602
Contributions and transfers	619,380	283,687
Distributions	(400,218)	(381,958)
<i>BALANCE, end of year</i>	\$ 10,200,250	\$ 11,020,416

NOTE 7. BOARD DESIGNATED NET ASSETS

Board designated net assets consisted of the following at:

DECEMBER 31,	2022	2021
Cash/CDs—Board Project Fund	\$ 1,230,149	\$1,009,745
Cash/CDs—Board Reserve Fund	634,151	621,974
<i>Subtotal</i>	1,864,300	1,631,719
Board Endowment Fund	142,631	164,382
<i>Totals</i>	\$ 2,006,931	\$ 1,796,101

The purpose of the Board Project Fund is to hold operating surplus funds and gifts/bequests without donor restriction until the Board of Directors designates how the funds will be utilized. The Board Project Fund is included in financial assets available for general expenditure within one year (Note 3). Board Project Funds totaling \$345,962 included in the Board Funds (Note 3) have been designated by the Board for use in 2023, primarily for projects at Como Park Zoo and Conservatory (Note 3).

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS
(See Independent Auditor's Report)

NOTE 7. (CONTINUED)

The Board of Directors has established the Board Reserve Fund as funds held in reserve to provide a resource for operating expenses in case of unexpected downturns or crisis situations. This fund exists to stabilize the Organization's operations in case of unexpected events, losses of income or large unbudgeted expenses. This fund is included in financial assets available for general expenditure within one year (Note 3).

The Board Endowment Fund was established by the Board of Directors to accept donations to add to the Helen and Ruth Peterson Fund of Como Friends for the purpose of making grants to Como Park Zoo and Conservatory.

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

The following schedule reflects net assets with donor restrictions for specified purposes or future periods at:

DECEMBER 31,	2022	2021
Amounts required to be maintained in perpetuity:		
The Marjorie McNeely Conservatory at Como Park endowment fund	\$ 5,966,414	\$ 5,347,034
E.M. Pearson Foundation fund of Como Friends— general operations	1,330,727	1,330,727
Charlotte Partridge Ordway Japanese Garden endowment fund	640,019	640,019
<i>Total perpetual in nature</i>	\$ 7,937,160	\$ 7,317,780
Amounts restricted by purpose:		
Capital Campaign for Como Harbor	\$ -	\$ 323,338
Marjorie McNeely Conservatory Support	190,579	567,379
Animal care	36,440	213,838
Como staff development	35,287	35,787
Education	9,712	9,712
Event planning	25,341	-
Other	17,170	18,370
<i>Total restricted by purpose</i>	314,529	1,168,424
Amounts restricted by purpose and time:		
The Marjorie McNeely Conservatory at Como Park endowment fund	1,337,791	2,335,713
Charlotte Partridge Ordway Japanese Garden endowment fund	398,594	556,975
<i>Total restricted by purpose and time</i>	1,736,385	2,892,688
<i>Total purpose restrictions</i>	\$ 2,050,914	\$ 4,061,112

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS
(See Independent Auditor's Report)

NOTE 8. (CONTINUED)

DECEMBER 31,	2022	2021
Amounts time-restricted for future periods:		
General operating support	\$ 22,000	\$ 22,000
E.M. Pearson Foundation Fund of Como Friends—general operations	384,073	645,566
In-kind- facility rent	67,843	-
<i>Total time-restricted for future periods</i>	\$ 473,916	\$ 667,566
<i>Total net assets with donor restrictions</i>	\$ 10,461,990	\$ 12,046,458

The Organization had a long-term pledge agreement that provided for annual payments of \$200,000 adjusted annually for the change in CPI. The agreement required the Organization and the City to make an annual allocation of the payment received among current operating costs, specific project designations, endowment support, or a combination of those uses. The payments received were allocated for endowment support in the amounts of \$619,380 and \$283,686 for the years ended December 31, 2022 and 2021, respectively. The pledge was fully collected in 2022.

NOTE 9. ENDOWMENT COMPOSITION AND CHANGES TO ENDOWMENT NET ASSETS

The Organization's endowment consists primarily of the four charitable funds with the Saint Paul & Minnesota Foundation established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence and nature of donor-imposed restrictions.

Interpretation of Relevant Law—Endowment funds are regulated by the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as enacted by the State of Minnesota. The Organization's Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as enacted by the State of Minnesota, as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2022 and 2021, there were no such donor stipulations. As a result of this interpretation, the Organization is to retain in perpetuity (a) the original value of initial and subsequent gift amounts including promises to give at fair value donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS (See Independent Auditor's Report)

NOTE 9. (CONTINUED)

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Return Objectives and Risk Parameters—The Organization is subject to the investment policy of the Foundation, as defined in the respective fund agreements for the charitable funds held by the Foundation for the Organization's benefit. The Foundation's investment objective is to earn a high risk-adjusted return that preserves the purchasing power of assets and seeks to maximize the amount available to meet the charitable needs of communities. The assets are to be managed in a manner that will attempt to produce a relatively predictable and stable stream of funds for charitable purposes.

Strategies Employed for Achieving Objectives—To satisfy its long-term rate-of-return objectives, the Organization relies on the Foundation's total return strategy, in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and the Relationship of the Investment Objectives to the Spending Policy—The Organization's spending policy mirrors the distribution policy of the Foundation. The Foundation's policy appropriates for distribution each year an amount equal to 5.00% of the underlying assets, based upon a 21 quarter moving average of the market value of the assets, but not less than 4.25% of the fund's current market value and not more than 5.50% of the fund's current market value, less administrative fees. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow the endowment to grow at a rate that is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Historically, funds have been distributed from the Foundation in accordance with the Foundation's spending policy. However, three of the four endowments with the Foundation allow for exceptions to that spending policy: The Helen and Ruth Peterson Fund of the Como Friends, the E.M. Pearson Foundation Fund of Como Friends, and the Charlotte Partridge Ordway Japanese Garden Endowment Fund. The Foundation has agreed that upon the request of the Como Friends Board of Directors all principal and accumulated earnings of these funds would be released to the Organization. Although any principal restricted in perpetuity in accordance with the donor's wishes would have to remain in the endowment, the use of the accumulated earnings and board designated amounts would be at the Board's discretion.

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS
(See Independent Auditor's Report)

NOTE 9. (CONTINUED)

Endowment net assets consisted of the following at:

DECEMBER 31, 2022	Without Donor Restriction	With Donor Restrictions	Total
Marjorie McNeely Conservatory at Como Park endowment fund	\$ -	\$ 7,304,206	\$ 7,304,206
E.M. Pearson Foundation Fund of Como Friends	-	1,714,799	1,714,799
Charlotte Partridge Ordway Japanese Garden endowment fund	-	1,038,614	1,038,614
Helen and Ruth Peterson Fund of Como Friends	142,631	-	142,631
<i>Totals</i>	\$ 142,631	\$ 10,057,619	\$ 10,200,250

DECEMBER 31, 2021	Without Donor Restriction	With Donor Restrictions	Total
Marjorie McNeely Conservatory at Como Park endowment fund	\$ -	\$ 7,682,747	\$ 7,682,747
E.M. Pearson foundation fund of Como Friends	-	1,976,293	1,976,293
Charlotte Partridge Ordway Japanese Garden endowment fund	-	1,196,994	1,196,994
Helen and Ruth Peterson fund of Como Friends	164,382	-	164,382
<i>Totals</i>	\$ 164,382	\$ 10,856,034	\$ 11,020,416

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2022 and 2021, there were no donor-restricted endowment funds under water.

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS
(See Independent Auditor's Report)

NOTE 9. (CONTINUED)

Changes in endowment net assets consisted of the following:

	Without Donor Restriction	With Donor Restrictions	Total
JANUARY 1, 2021	\$ 142,611	\$ 9,172,474	\$ 9,315,085
Investment return:			
Investment gain	25,248	1,624,205	1,649,453
Interest and dividends, net	2,534	151,615	154,149
Contributions and transfers	-	283,687	283,687
Appropriation of endowment assets for expenditure	(6,011)	(375,947)	(381,958)
DECEMBER 31, 2021	\$ 164,382	\$ 10,856,034	\$ 11,020,416
Investment return:			
Investment gain (loss)	(17,240)	(1,131,630)	(1,148,870)
Interest and dividends, net	1,799	107,743	109,542
Contributions and transfers	-	619,380	619,380
Appropriation of endowment assets for expenditure	(6,310)	(393,908)	(400,218)
DECEMBER 31, 2022	\$ 142,631	\$ 10,057,619	\$ 10,200,250

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS
(See Independent Auditor's Report)

NOTE 10. IN-KIND CONTRIBUTIONS

In-kind contributions are included in contributions on the Statements of Activities and Changes in Net Assets. Contributed services, materials, and facilities consisted of the following:

YEARS ENDED DECEMBER 31,	2022	2021
Management and general:		
Office facilities	\$ 85,337	\$ 15,000
Program:		
Gift shop facilities	30,000	30,000
Fund development:		
Materials	14,945	78,705
Promotion and event expenses	70,852	17,138
<i>Totals</i>	\$ 201,134	\$ 140,843

The Organization's office space, located on the Como Park Zoo and Conservatory Campus, is rented from the City for \$1 per year. This lease is effective through December 31, 2026. The lease is treated as a gift-in-kind that is utilized by the Organization. The total estimated lease value was \$85,337 and \$15,000 for the years ended December 31, 2022 and 2021, respectively.

In addition, under a separate lease agreement with the City, gift shop space is rented from the City for \$1 per year. This lease was effective through December 31, 2022 and was subsequently extended, effective January 1, 2023 through December 31, 2038. The lease is treated as a gift-in-kind that is utilized by the Organization. The estimated lease value is \$30,000 for the years ended December 31, 2022 and 2021.

All other gifts-in-kind were monetized for purposes of gift shop sales or fundraising.

NOTE 11. RETIREMENT PLAN

The Organization has a 403(b) retirement plan for employees meeting certain eligibility requirements. Eligible employees can elect to make salary reduction contributions to the plan. The Organization matches employee contributions up to 5% of employee compensation. Organization contributions totaled \$51,634 and \$51,167 for the years ended December 31, 2022 and 2021, respectively.

COMO FRIENDS

NOTES TO FINANCIAL STATEMENTS
(See Independent Auditor's Report)

NOTE 12. ALLOCATION OF JOINT COSTS

The Organization published a quarterly newsletter, *Como Friends Insider*, during the years ended December 31, 2022 and 2021. These costs were shared jointly by both program services and supporting services. Joint costs are allocated within the Statement of Functional Expenses as follows:

YEARS ENDED DECEMBER 31,	2022	2021
Program	\$ 15,214	\$ 10,717
Fund Development	4,798	6,913
<i>Totals</i>	\$ 20,012	\$ 17,630

NOTE 13. CONCENTRATIONS

Contributions receivable

Approximately 91% of the balance of contributions receivable was due from two donors as of December 31, 2021. Approximately 87% of the balance of contributions receivable was due from one donor as of December 31, 2022.

The Organization's physical operations consist of office facilities and gift shop facilities. These facilities are in-kind contributions from the City and therefore considered a concentration.